



**North Carolina Department of Health and Human Services
Division of Mental Health, Developmental Disabilities and Substance Abuse Services**

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Michael F. Easley, Governor
Dempsey Benton, Secretary

Michael Moseley, Director

November 14, 2007

Memorandum

To: LME Directors

From: Mike Moseley

A handwritten signature in black ink, appearing to be "MM", written over the name "Mike Moseley".

Subject: Independent Evaluation of the Performance of Local Management Entity Functions (**NOTE: See Notice regarding Registering for Kick-Off Meetings on Page 2**)

As we have discussed, the Department of Health and Human Services (DHHS), Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMHDDSAS) has been developing a contract with an internationally recognized consulting firm to evaluate the performance of Local Management Entities (LMEs). I can now announce that we have retained Mercer Government Human Services Consulting (Mercer), part of Mercer Health & Benefits LLC, to perform this work. Mercer will conduct an independent evaluation of Local Management Entity (LME) functions in the State of North Carolina (State). The purpose of the evaluation is to assess the degree to which your organization has fulfilled the statutory requirements for LME functions. Secondly, DMHDDSAS has asked Mercer to determine specific business and non-business functions that may benefit from further consolidation among the 25 LMEs.

As part of the evaluation process, Mercer will conduct an off-site desk review of LME materials and an on-site review of operations of all LMEs. Mercer will focus on the following LME functions during the review:

- Access to services
- Provider endorsement and management
- Utilization management (UM)
- Authorization of State psychiatric hospital/facilities and utilization
- Care coordination and quality management (QM)
- Community collaboration and consumer affairs
- Claims payment and coordination
- Financial management

Prior to the on-site review, it will be very important for your LME to provide Mercer with up-to-date information on your operations, its capacity to expand and any thoughts you have about consolidation of functions. Mercer's document requests are included in Attachments A, B and C. Mercer will use these documents to develop a preliminary assessment of your organization.

The one-day on-site reviews of the LMEs will be scheduled between January 7, 2008 and January 31, 2008. The on-site review will focus on clarifying the information provided for the desk review, discussing the key LME functions that benefit from local oversight and identifying areas for potential consolidation. Mercer's team will include two consultants for each on-site review. The team will interview administrative and clinical personnel and directly observe operations related to the required LME functions.



They will also observe your information system capacity and how it supports overall operations, including business and clinical operations.

Kick-off meeting

Teleconferences for executive management of the LMEs are scheduled at the following times:

- Friday November 16, 2007 11:00AM – 12:00PM (EST)
- Friday November 16, 2007 3:00PM – 4:00PM (EST)
- Monday November 19, 2007 10:00AM – 11:00AM (EST)

I apologize for the short notice, but in order to have the work completed in a timely fashion, this quick scheduling was necessary. Please register for one of these times by contacting Tammie Bradshaw (Tammie.Bradshaw@ncmail.net or 919-733-7011) to indicate the representative from your LME that will attend. A dial-in number and code will be provided at the time you register. We will reserve telephone lines based on the number of registered participants for each session. During the teleconference we will review the evaluation's scope of work, the information request and discuss the agenda and dates for the on-site reviews.

Off-site review of program materials

The initial phase of our review of LME operations will involve off-site reviews of program materials and information. Please see Attachments A, B and C for specific materials and information requested. All materials must be submitted ***no later than December 3, 2007***. Please submit the documents in electronic format to Dick Oliver at DMHDDSAS and Debra Anderson at Mercer to expedite the review process and minimize duplication time and costs (Email addresses are listed on Attachment A). If the documents are not in electronic format, please scan the documents into a PDF file and email the files.

Leza Wainwright will be overseeing Mercer's work on the evaluation. Should you have any questions regarding the project, the kick-off teleconference or on-site visit, please do not hesitate to contact Leza or me at (919) 733-7011.

Enclosures

cc: Debra Anderson
Secretary Dempsey Benton
Dan Stewart
Executive Leadership Team
Management Leadership Team
State Facility Directors
Yvonne Copeland
Patrice Roesler
MH Commission Chair
The Coalition Chair
SCFAC Chair
Sharnese Ransome
Kory Goldsmith
Andrea Poole
Kaye Holder
Debbie Crane
Mark Van Sciver
Brad Deen

